



Appendix 1.2

EUC RISK CATEGORIES

Risk category examples of an application or activity, for EUC:

Risk Grade	Risk Category	Business Severity Level And Data Classification
5.	Very High	<ul style="list-style-type: none">• Can inflict enormous financial losses• Can undermine the Bank's value, including stock prices (for Banks that have gone public)• Can incur penalties imposed by Bank Indonesia• Has potential or actual effects on the Bank's reputation on an international scale• Constitutes very serious failure to accomplish the principles of corporate governance
4.	High	<ul style="list-style-type: none">• Can inflict huge financial losses• Has a serious overall effect on the Bank• Can incur penalties imposed by Bank Indonesia• Can cause public exposure (reputation risk exposures) if not dealt with correctly• Customer service issues with serious effects on the Bank's business• Considerable risk potential on the Bank's reputation• Constitutes serious failure to accomplish the principles of corporate governance
3.	Medium	<ul style="list-style-type: none">• Financial losses inflicted are considerable• Has a significant overall effect on the Bank• Average risk potential on the Bank's reputation• Constitutes failure to accomplish the principles of corporate governance
2.	Low	<ul style="list-style-type: none">• Financial losses inflicted are relatively light• Has a relatively small overall effect on the Bank• No penalties imposed by Bank Indonesia• Relatively low risk potential on the Bank's reputation
1.	Ignorable	<ul style="list-style-type: none">• No/slight financial losses to the Bank• Impact of loss are limited to business units using related application• No risk on the Bank's reputation

The table above is only an example. Banks should create their own risk categories adjusted to the magnitude and complexity of its business.